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News Summary

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A political scientist has a plan that some say could reform the Presidential campaign process. And it will all happen on television: Page A5.

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U.S. Would Allow Colleges to Give Campus-Crime Data

Education Department proposes amendment to privacy law

By SCOTT JASCHIK

WASHINGTON

The Education Department proposed last week that a federal privacy-protection law be amended to state that colleges are allowed to release reports of campus crime to the public.

The department maintains that the present law bars such disclosures when they include the names of students arrested by campus security officers. The department has been strongly criticized for that stand, and journalists and student groups have been pushing for a change.

Most state open-records laws require the release of reports by campus officers with the power to make arrests, but most colleges have refused to release the reports, citing the Education Department's interpretation of the federal law. If the proposed amendment becomes law, such reports would likely be released routinely.

A federal judge in Missouri and a state judge in Arkansas have ruled that the current law does permit the disclosures of the names.

Senate Amends Crime Bill

The department's announcement of its change of heart came shortly after the Senate voted to amend a crime-prevention bill to state that the privacy-protection law does not cover the crime reports.

Critics of the past Education Department stance said they were pleased to see

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Administration Urges Universities to Revoke Policies Against Investing in South Africa

Some say they'll consider request; others think it's premature

WASHINGTON

The Bush Administration has urged colleges and universities to revoke their policies against owning stock in companies that do business in South Africa.

The request came with President Bush's announcement last week that the United States would lift economic sanctions imposed on South Africa in 1986. "We hope that state and local governments and private institutions in the United States will take note of our action and act accordingly," the President said.

While some college officials said it is still too soon to change their policies, others said they plan to reconsider their divestment decisions.

The Justice Department is looking at legal avenues for pressing state and local governments to repeal laws banning South Africa-related investments. Some of those laws cover the endowments of public colleges.

The government has little or no control over the endowment decisions made by individual colleges and universities, according to a State Department official who declined to be identified.

'Not an Appropriate Vehicle'

"We're asking the colleges to look at their policies," he said, because divestment is "not an appropriate vehicle anymore."

"We feel the government is irreversibly on the path to multiracial democracy," the official said. "This is not the time to bail out of South Africa. It's the time to stay in and help build the new South Africa."

Jennifer D. Kibbe, research analyst for the Investor Responsibility Research Cen-

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European Community Prepares to Establish a 'Common' Approach to Higher Education

By DAVID WALKER

LONDON

A far-reaching plan to create a "common" European system of higher education was reported last week to be within days of approval by the European Commission, the policy-making arm of the European Community.

The new system would complement the development of a single market for goods and services throughout the E.C. Officials at the commission's headquarters in Brussels said the higher-education plan, the first of its kind, was a necessary part of the economic unity being sought for the organization's 12 member countries.

If their governments signed up, academic administrators, faculty members, and students throughout Western Europe would be profoundly affected. Eventually the plan would seek to converge the varying curricula, standards, and financing of universities in all of the member countries.

By establishing common criteria for the structure and basic policies of higher education across Western Europe, the plan would move the European Community into the social sphere—a major expansion of the E.C.'s traditional involvement in trade and economics.

The members of the European Community are Belgium, Britain, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain.

Political Mood Called Supportive

The European Commission is described as confident that Europe's political mood supports a common approach to higher education. Accordingly, the commission is drafting a formal provision on the subject for consideration, along with proposed treaties on economic and political union, by leaders of the E.C.'s member countries at a summit meeting in the Netherlands in December.

The treaties are expected to be approved.

At present, various education programs set up by the European Community—including ERASMUS, a highly successful effort to encourage students to attend institu-

Continued on Page A30

Recession Expected to Bring Long-Term Changes in State Colleges' Relations With Governments

By MARY CRYSTAL CAGE

The recession is prompting a rethinking of the relationship between public colleges and state governments.

Even as college presidents and lawmakers struggle to deal with the immediate crises of lost revenue, they are talking about long-term lessons that colleges can learn from the economic downturn.

A number say that public colleges are having a tough time this year in part because of poor decisions made in the 1980's, when many states were flush with money. If higher education is to avoid or minimize future downturns, they say, colleges need to change the way they operate, both now and when the recession ends.

Says Franklyn G. Jenifer, president of Howard University and former chancellor of the Massachusetts Board of Regents: "Higher education has to develop a strategy that will be good in the good times and sustain us in the bad times."

While higher-education policy experts say they are not sure colleges will actually change, many support such moves as these:

- New efforts to streamline public higher education, both individual colleges and state systems.
- Increases in tuition, coupled with increases in financial aid.
- More responsiveness to the public and

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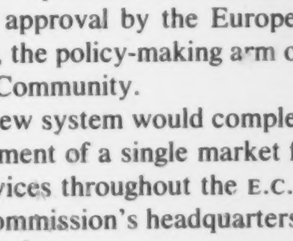


What Presidents Plan to Do When the Money Flows Again

The presidents of 10 public colleges describe what their top priorities will be when the recession ends and appropriations become more bountiful.

STORY ON PAGE A17

MARGINALIA

Note in *Campus Connections*, a newsletter at the University of Nevada, Reno:

"CONGRATULATIONS to Leslie Massman and Carole Cude, Classified Employees of the Month! Massman is being recognized for his consistently outstanding work in the plant science department of the College of Agriculture. Cude is being acknowledged for her efforts in the buildings and grounds department during the freeze and the damage which resulted."

We're afraid to ask.

■

From *The Washington International Arts Letter:*

"Japanese company Triumph International is honoring the bi-centennial of Mozart's death by manufacturing a special bra. The front-fastening indigo braziers will play a 20 second version of Wolfgang's greatest hits with flashing lights."

And roaring fires?

■

News item in *Northern Iowan*, the newspaper at the University of Northern Iowa:

"The new UNI residence facility, with a design capacity of 384 persons and an estimated project cost of $8.2 million, was passed unanimously by the Board and will be constructed East of Hillside Courts.

" 'We will begin programming work with the architect Monday,' said Leland Thomson, director of campus planning. . . . 'We are approaching the project in an aggressive manor and want to begin a residence hall facility at UNI at the earliest possible time.' "

With an aggressive manor, who *needs* a residence hall?

■

From "Women Studies Course Criteria and Guidelines (1991)," distributed at Denison University:

"Guidelines (Suggested questions to ask oneself when reviewing course materials):

"1. In the inclusion of diversity of women and women's experiences, is every attempt made to have hose experiences as an integral part of the course rather than peripheral?"

■

A flyer distributed by the Associated Students at San Francisco State University, calling on students to lobby the trustees, is headlined:

URGENT CALL
EDUCATION IS A RIGHT,
NOT A PRIVILEDGE!

■

Course listing in the catalogue of Georgia Southern University:

"PEA 293 OUTDOOR EDUCATION. A variety of outdoor activities: canoeing, backpacking, repelling, orienteering and others."

Watch out, bugs! —C.G.

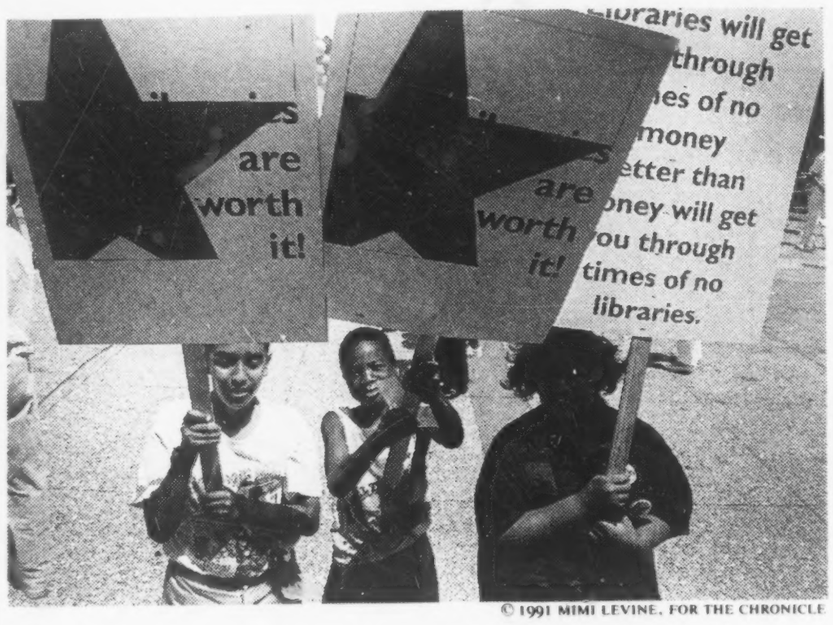
In Brief

Librarians rally for more support

WASHINGTON—On the eve of a White House conference on libraries and information services, librarians from across the country rallied here last week to call for more government and public support for their institutions.

The rally, held outside the Martin Luther King Memorial Library, was organized by the American Library Association. It attracted a crowd of librarians and supporters, including young readers (*right*), many of whom carried signs with such slogans as "SAVE MONEY. FUND LIBRARIES" and "KIDS WHO READ SUCCEED." The rally helped to kick off the association's year-long public-awareness campaign with the theme "Libraries are worth it!"

"Libraries are not basic—libraries are essential," said the association's new president, Patricia Glass Schuman.



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Rep. Major Owens, a Democrat from New York who is thought to be the only professional librarian in Congress, told the crowd to "go tell all our Neanderthal, primitive budget makers" that the nation needs its libraries. He said it was "hypocritical, stupid, and ridiculous" for politicians to talk about supporting education while at the same time libraries were closing across the nation because of budget cuts.

Other speakers at the rally included Richard M. Dougherty, a professor of information and library studies at the University of Michigan and past president of the A.L.A., and the Librarian of Congress, James Billington. ■

Harvard U. offers 850 an early-retirement deal

CAMBRIDGE, MASS.—In an effort to keep administrative costs down, Harvard University has offered early retirement to 850 of its employees.

Staff members who are at least 55 years old and have 10 or more years of service at the university may participate in the early-retirement program. The pension income of employees who take the offer will be calculated as if they had worked five years more. Faculty members are not eligible.

"We want to keep spending on administration down, so we can spend more on things like support for the faculty and student scholarships," said Robert H. Scott, vice-president for finance. ■

Mundelein College joins Loyola University

CHICAGO—Mundelein College (*below*) has become a part of Loyola University Chicago.

Under an agreement reached last month, Mundelein is now one of Loyola's 10 schools and colleges. Loyola's undergraduate division for part-time students will now be called Mundelein College.

Mundelein was founded in 1929 by the Sisters of Charity of the Blessed Virgin Mary and had been the only Catholic women's liberal-arts college in Illinois. Situated adjacent to Loyola's Lake Shore Campus, Mundelein enrolled about 800 students last semester. Loyola has close to 15,000 students, about 9,000 of them undergraduates.

The trustees of Mundelein, which was facing growing demographic and economic pressures, opened talks with Loyola officials in January about a possible merger.

Loyola officials said all but a few of the 56 Mundelein faculty members had been named to the university's faculty. ■

JON NASO, © 1991, NEW YORK NEWSDAY

Art historian is sued for libel in Italy

FLORENCE — James Beck (*above*), a professor of art history at Columbia University, has been sued for libel in Italy, where he told reporters that a newly restored Renaissance tomb might as well have been "cleaned with Spic and Span and polished with Johnson's Wax."

Since Mr. Beck's comments were reported in four different Italian publications, four charges of libel were brought against him by the tomb's restorer. Mr. Beck was cleared on three of the counts in trials held last month. The final trial is scheduled for November.

Currently a visiting professor at Harvard University's Center for Renaissance Studies here, Mr. Beck has written books on Jacopo della Quercia, who sculpted the tomb in Lucca, Italy, in the early 1400's.

A proponent of a minimalist approach to the cleaning of stone, Mr. Beck says scholars and restorers have not come up with any generally accepted approaches to the restoration of sculpture.

In an interview, Mr. Beck said "academics have been reluctant to take a strong stand on the issue of restoration, which has permitted an anarchic situation in modern restoration techniques." ■

Central Michigan wins $920,000 settlement

MOUNT PLEASANT, MICH. — Central Michigan University has received a $920,000 settlement from Merrill Lynch and Company Inc., ending a lawsuit in which the university claimed the brokerage firm had withheld information about a bad investment.

Filed last year, the suit charged Merrill Lynch with violating federal and state securities laws, in connection with the university's 1989 purchase of $953,000 in commercial paper from the Colorado-Ute Electric Association. Colorado-Ute was in deep financial trouble when the university made its investment, information that the lawsuit claimed Merrill Lynch had concealed. Colorado-Ute declared bankruptcy in March 1990.

"We're sorry that it happened at all, but given that it happened, we think this was a very favorable settlement for us," said Eileen K. Jennings, the university's general counsel. She said the university would no longer use Merrill Lynch for investment advice.

Central Michigan dropped related lawsuits against two securities ratings firms. But it still has a claim against Colorado-Ute pending in bankruptcy court.

A spokesman for Merrill Lynch said the settlement was not an admission of wrongdoing. ■

Charges of diploma sales prompt investigations

CATHEY PLUNKETT

JACKSON, MISS.—Federal and state officials are investigating whether employees at Jackson State University sold degrees and fraudulent grade transcripts to foreigners living in this country.

W. Ray Cleere (*above*), Mississippi's Commissioner of Higher Education, announced last month that the investigations had been going on for several months and that the scam might not be limited to Jackson State. Mr. Cleere said the U.S. Immigration and Naturalization Service had contacted the State Attorney General's office after the service was told of the operation by an anonymous source.

Those who bought the fake documents, Mr. Cleere said, probably used them to prove that they were working toward or receiving degrees so they could remain in the United States.

Jackson State officials said they were cooperating with the investigators and were ready to suspend or fire any students or employees convicted of taking part in the scheme. Anyone involved faces criminal charges and imprisonment, according to the State Attorney General's office. ■

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Government & Politics

Ways & Means

Stanford University, the center of a national controversy about questionable university charges for the costs of research overhead, has proposed an overhead rate for next year that would set a record for the university.

Backed by several critical government reviews of Stanford's overhead charges, the Office of Naval Research recently lowered its rate for this year to 55 per cent, from 70. That means that for any dollar Stanford receives for the costs directly associated with a particular research project, it can now receive no more than 55 cents for overhead.

Now Stanford has proposed a rate of 76 per cent for next year—higher than any rate the government has ever approved for the university, according to Paul L. L. Biddle, the O.N.R. representative at Stanford.

Mr. Biddle called the university's proposal "outlandish" and added, "Just as children test a parent, Stanford is testing the government right now. They are trying to see how much we will take."

Robert L. Byer, the dean of research, said in a statement that Stanford didn't really expect to receive that rate. It was merely following federal regulations by submitting a proposal that accurately—and conservatively—reflects the projected costs, he said.

"We have gotten the message loud and clear," Mr. Byer added. "We know that changing standards and upcoming negotiations are unlikely to produce a rate that fully reimburses our costs."

■

Praying for federal grants?

Congressional auditors have questioned a $24,000 charge to the government by the University of Pennsylvania to help support the chaplain's office. The charge was part of the university's bill to the government for the overhead costs associated with federal research projects.

A university spokeswoman defended the charge, saying that students and researchers involved in federally supported research receive pastoral counseling from the office on a non-sectarian basis.

In response to a question, she said the money did not cover prayers for larger grants.

■

Carol R. Scheman, long-time staff member for the Association of American Universities, has been named to a post at the Food and Drug Administration.

Ms. Scheman has been at the association for 12 years, specializing in a number of research-related issues, including scientific-misconduct policy and the indirect-cost system. She currently is vice-president of the A.A.U. In September she will move to the F.D.A., where she will be Deputy Commissioner for External Affairs, handling public affairs, consumer relations, and publications.

Space Station Wins $2-Billion From Spending Panel; Senate Turns Back Effort to Kill Supercollider

Disappointed scientists say the projects will drain money from more important efforts

By KIM A. McDONALD
WASHINGTON

Two major projects that some scientists warn will drain money from smaller research efforts received strong backing from the Senate last week.

In a bill allocating fiscal 1992 funds for the National Aeronautics and Space Administration, the Senate Appropriations Committee voted to provide $2-billion to continue construction of the space station, a project that the General Accounting Office estimates will cost $118-billion over its 30-year life span.

In a separate measure giving fiscal 1992 support to the Department of Energy, the Senate easily defeated an amendment to kill the Superconducting Supercollider, an $8.2-billion particle accelerator under construction near Dallas. In addition, using funds earlier earmarked for cleaning up radioactive wastes at nuclear facilities, the Senate provided $75-million more than the $434-million that the House approved for the supercollider.

The actions disappointed scientists who had warned that the enormous construction and operating costs of the two projects would eventually eliminate less costly, and potentially more important, scientific efforts.

Proponents of both the space station and the supercollider say the projects are essential to advance the country's technological enterprise, and are budgeted separately within their respective agencies to prevent the siphoning of funds from other scientific programs.

Last week 14 major scientific societies disputed that argument after the House of Representatives voted to restore $1.9-billion eliminated by the House Appropriations Committee for the space station by taking funds from NASA's space-science programs and other efforts.

In a letter sent to all Senators, the presidents of the American Physical Society, American Chemical Society, American

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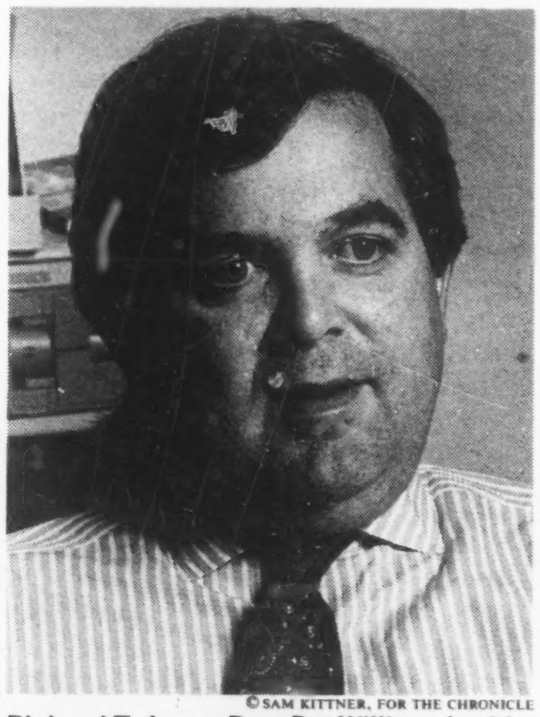
Lawmakers Face Challenge of Revamping $11-Billion-a-Year Student-Loan System



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Richard T. Jerue, Rep. Pat Williams's aide: "Increasing loan limits means you've expanded an entitlement, and you have to come up with a way to pay for that."

HERB WEITMAN, WASHINGTON UNIVERSITY

Dennis J. Martin, assistant provost at Washington U.: The loan system "continues to be the most important form of federally sponsored assistance."

By THOMAS J. DeLOUGHRY
WASHINGTON

What should be done about a federal loan system that provides students with $11-billion a year but has suffered a torrent of bad publicity about default rates and is routinely criticized for being too complex?

The Higher Education Act

That is the dilemma facing lawmakers as they reauthorize the Higher Education Act. After cutting the cost of the student-loan programs in the last few years to meet deficit-reduction goals, lawmakers are considering whether the whole loan structure should be overhauled to serve students better and to spend government funds more efficiently.

Many college aid officers and students say they're torn between supporting a new program and fine-tuning the present system of Stafford loans, Supplemental Loans for Students, and Parent Loans for Undergraduate Students. The current system has its problems, they admit, but the idea of developing a new program that would provide $11-billion a year to four million students is daunting.

Says Dennis J. Martin, assistant provost and director of financial aid at Washington University: "In some sense, it's a dinosaur or at least a 400-pound gorilla that should be looked at and revamped." But he adds that the loan system "continues to be the

Continued on Page A18

RICHARD BLOOM

Rep. Thomas E. Petri: His plan would provide federal loans to students that the I.R.S. would collect after graduation, along with the borrowers' taxes.

Senate Panel Increases Student Aid 2.7% for Academic 1992-93

WASHINGTON

The Senate Appropriations Committee last week approved a 1992 budget bill that would increase spending on student aid by less than the rate of inflation in academic 1992-93.

The appropriations bill for education, health, and labor programs would increase student aid by 2.7 per cent, which is less than the probable rate of inflation. The House of Representatives last month approved an appropriations bill that would increase student-aid spending by 2 per cent.

The Senate committee also approved an increase of 6 per cent for the National Institutes of Health. The House had approved a raise of 6.6 per cent for the institutes.

If the full Senate approves the legislation, differences with the House will have to be ironed out in a conference committee.

Indirect-Cost Limit Rejected

The Appropriations Committee turned back a controversial measure, supported by a subcommittee, that would have set strict limits on what recipients of N.I.H. grants may charge the government for administrative costs related to their research.

The subcommittee had recommended a maximum administrative-cost rate of 23 per cent—3 percentage points less than the limit the House included in the National Science Foundation reauthorization bill last week. The White House Office of

Continued on Page A19

Lawmakers Face Challenge of Revising $11-Billion Student-Loan System

Continued From Page A15

most important form of federally sponsored assistance."

Wayne Sparks, director of financial aid at the University of Virginia, says he worries that creating a new loan program would create new problems for the federal government and aid officers. "We might be better off to address the existing problems with the Stafford loan program," he says. "A bird in the hand is worth substantially more than two in the bush."

Whatever course the lawmakers take, they have before them numerous recommendations for developing a new system or for revamping the old one.

Under the present system, banks, credit unions, and some universities make loans that are backed by guarantee agencies and the federal government. Guarantee agencies fully reimburse banks for defaulted loans if the banks have administered them properly. The federal government then reimburses the agencies either in full or in part, depending on their default rates. The federal government pays interest subsidies to banks and administrative allowances to guarantee agencies for participating in the programs.

A System Without Banks

Proponents of a new system generally favor a program without banks or guarantee agencies. They want universities to provide federal loans directly to students. Those pressing for changes in the current system want to see higher loan limits for students and more-flexible repayment options to lessen the burden on former students with large debts.

Lawmakers are also feeling pressure to tighten up the rules for students and institutions in the loan programs in light of publicity about high default rates and loan fraud at some trade schools.

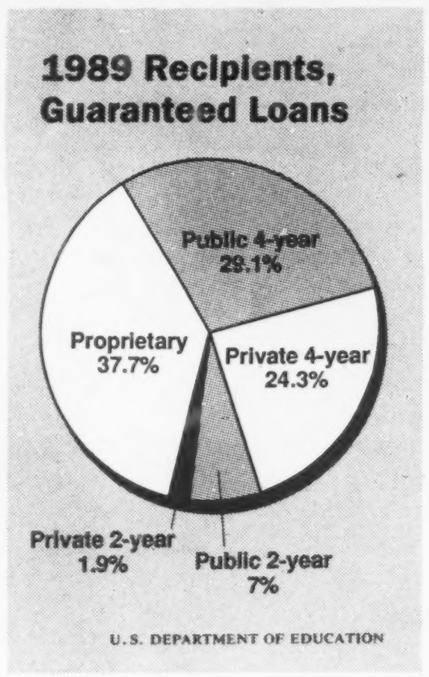
Accounting Changes

Policy makers had considered the idea of eliminating banks and guarantee agencies from the loan system in the past, but dismissed it as too expensive. The system of having the government guarantee and subsidize loans made by banks was considered to be cheaper because it produced $11-billion in loans at a cost to Washington of about $5-billion a year.

But accounting changes made in last fall's budget agreement helped resurrect the idea. The changes made the current system appear more expensive because they required the government to estimate the future costs of subsidies on every loan and because they allowed the government to borrow money to support direct-lending programs without having the funds count against spending limits.

In January, White House officials proposed selling Treasury bills to the public to raise capital for a federal loan program. The officials argued that dumping the 9,000 banks and 54 guarantee agencies would greatly simplify the complex system for students and aid officers and save about $1-billion a year.

The proposal touched off much discussion in higher education among those eager to simplify the system and find savings that could be channeled into Pell Grants. Opponents argued, however, that requiring colleges to administer the loans would place too many demands on aid offices, particularly



at small institutions. The discussion produced a few so-called "direct lending" proposals on Capitol Hill. One plan—put forth by Rep. Thomas E. Petri, Republican of Wisconsin, and 31 co-sponsors from both parties—would provide federal loans to students that the Internal Revenue Service would collect after graduation, along with the borrowers' taxes.

A dozen higher-education groups led by the American Council on Education have endorsed the idea of testing a direct-lending program so that the resulting savings can be used for other aid programs.

But the direct-lending movement lost some momentum last month, when Education Secretary Lamar Alexander opted not to endorse the idea. He cited concerns about the Education Department's ability to manage such a program and reservations about trusting institutions to administer the funds.

Congressional aides say it will be difficult to plan a new loan program without the department's cooperation, but they say the idea is not dead. "A little of the bloom has gone off the rose, but it hasn't quite wilted yet," says Thomas R. Wolanin, staff director of the House Subcommittee on Postsecondary Education. "There's still a lot of interest in it among the members."

Middle-Income Students

Among those still interested is Rep. Robert E. Andrews, a New Jersey Democrat. He says that savings from a direct-lending program and from efforts to crack down on defaults could save enough money to make loans to as many as two million more students.

Such a plan, Mr. Andrews says, could solve the problem of getting subsidized loans into the hands of middle-income students who are now excluded from the Stafford program. The plan, he says, would also address the Bush Administration's concern about keeping costs down. "What we're doing is taking the money we've already got and challenging them to serve more people with it," he says.

If Congress opts to stay with the existing loan programs, college officials and students say the lawmakers must do something to help students burdened with large debts.

The United States Student Association favors adding five years to the current 10-year repayment period and extending, to nine months from six months, the grace period after graduation in which students need not begin repaying their loans. The group would also like lawmakers to require banks to offer students graduated repayment schedules that allow for lower payments shortly after graduation, when borrowers are expected to have low incomes.

Lance M. Walter, president of the United Council of the University of Wisconsin Student Governments, says Congress is obligated to do what it can to help students who have been forced to borrow because grants have been cut back. Many of them, he says, find it difficult to make their loan payments after graduation. "Students take out a lot of different loans when they're going through school, and it's not made clear how they're going to be paid back," he adds.

The United States Student Association says Congress should also eliminate the 5-per-cent "origination fee" that students must pay the government on every loan, as well as the insurance fees of up to 3 per cent that guarantee agencies

"A little of the bloom has gone off the rose, but it hasn't quite wilted yet. There's still a lot of interest in it among the members."

may charge. "This is clearly unfair," Selena Dong, legislative director of the student group, said at a House hearing last month. "Low-income students are the last people who should be taxed in such a way to save the federal government money."

Other higher-education groups are asking Congress to increase the loan limits, so that student borrowing can keep up with rising college costs. Twelve associations led by the American Council on Education say the undergraduate limit in the Stafford program should rise by $6,250—to $23,500. Graduate students should be able to borrow an additional $50,000, the groups say.

College lobbyists say the limits are not as high as they might appear, since the new Higher Education Act would be in effect from 1994 through 1998, when expenses will be greater. "You can't avoid the fact that costs are going up every year," says Edward M. Elmendorf, vice-president for governmental relations at the American Association of State Colleges and Universities.

Others worry about the higher loan limits, but concede that they are necessary if funds for Pell Grants and other forms of aid are scarce. "If we're going to continue to be faced with an Administration that wants to cut the guts out of grant programs and a budget agreement that doesn't let us increase spending, loans may be the only alternative," says Jim Harrison, president of the Association of Urban Universities.

But some on Capitol Hill fear that even the higher loan limits could fall victim to budget constraints if lawmakers do not find money to subsidize larger loans. "Increasing loan limits means you've expanded an entitlement, and you have to come up with a way to pay for that," says Richard T. Jerue, an aide to Rep. Pat Williams, Democrat of Montana.

$1.5-Billion Price Tag

The budget agreement could also be a barrier to a plan Mr. Williams has proposed to open the Stafford program to all families regardless of their income. The price tag for the Williams plan is about $1.5-billion, which some student-aid analysts say are dollars that could be better spent on Pell Grants for needy students who cannot afford to attend college.

Mr. Williams contends, however, that his legislation is needed to expand political support for all student-aid programs by extending benefits to middle-income families.

Regardless of what lawmakers may do to the shape of the loan programs, they are well aware of the need to improve the monitoring of institutions that participate in them. A highly publicized report released in May by the Senate Permanent Subcommittee on Investigations lambasted the loan programs for being rife with fraud.

The panel, which is chaired by Sen. Sam Nunn, a Georgia Democrat, concluded that the system of state licensure, private accreditation, and Education Department review of institutions is not working to keep unscrupulous trade schools out of the loan programs. The subcommittee found evidence that such schools were offering substandard education to low-income student borrowers who are left unprepared for jobs and end up defaulting on their loans.

Tightening Eligibility

Rep. William D. Ford, chairman of the House Subcommittee on Postsecondary Education, and others have said the system for determining an institution's eligibility for aid programs must be tightened before Congress pursues any other changes in reauthorization.

The Bush Administration concurs. It has suggested that the maximum default rate for a college or trade school in the programs be dropped to 25 per cent from the present 35 per cent, and that state governments assume more of the risk of loan defaults. State officials oppose the plan, charging that it would make them financially responsible for a federal program.

In addition, the Administration has been joined by higher-education groups in calling for minimum standards that states should use in licensing institutions. The groups also have asked Congress to require the Education Department to develop specific standards for recognizing accrediting agencies.

Robert H. Atwell, president of the American Council, told Congress in May that tightening the standards would bar unscrupulous schools from the programs without burdening all institutions with additional regulations. "The department," he said, "would no longer be in the position of penalizing all institutions to stop a small minority from abusing the system." ■

Guaranteed Student Loans at a Glance

- **Stafford Student Loans** are the primary loans for students. The program is expected to provide $8.6-billion to 3.1 million students who are enrolled at least half time during the 1991-92 academic year. The program has a subsidized interest rate of 8 per cent, which rises to 10 per cent after the fourth year of repayment. The government pays the interest while students are in college and for six months after they leave. Loans are awarded on the basis of a student's need. Limits are $2,625 a year for the neediest freshmen and sophomores, $4,000 for each subsequent undergraduate year, and $7,500 a year for graduate school. Students may not borrow more than $17,250 as undergraduates and $54,750 by the time they complete their graduate degrees. The repayment period is 10 years, during which students must make payments of at least $50 a month.
- **Supplemental Loans for Students** are intended primarily for graduate students and for undergraduates who are judged to be financially independent of their parents. The program is expected to provide $1.4-billion to 509,000 borrowers who are enrolled at least half time in 1991-92. Interest rates are not subsidized and may climb as high as 12 per cent. Interest accrues while the student is enrolled in college, but it may be added to the principal. Students do not have to be needy to receive a loan. Students may borrow up to $4,000 a year as undergraduates and a total of $20,000 by the time they complete graduate school. The repayment period is 10 years, during which students must make payments of at least $50 a month.
- **Parent Loans for Undergraduate Students** are intended to help parents of undergraduate and—despite its name—graduate students get loans for their children's college costs regardless of their income. The program is expected to provide $916-million to 282,000 students who are enrolled at least half time in 1991-92. Interest rates are not subsidized and may rise as high as 12 per cent. Interest accrues while the student is enrolled in college, but it may be added to the principal. Parents may borrow up to $4,000 a year for each student in college and a total of $20,000 for each child who may pursue graduate education.